
ASCENSION PARISH SALES AND USE TAX AUTHORITY

GONZALES, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-19-05



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

ASCENSION PARISH SALES AND USE TAX AUTHORITY

GONZALES, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004



TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
REQUIRED SUPPLEMENTARY INFORMATION – Part I	
Management's Discussion and Analysis	3-5
BASIC FINANCIAL STATEMENTS	
<u>Fund Financial Statements (FFS)</u>	
Statement of Fiduciary Assets and Liabilities	6
Notes to the Financial Statements	7-10
REQUIRED SUPPLEMENTARY INFORMATION – Part II	
Other Supplemental Information:	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	11





Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Ascension Parish Sales and Use
Tax Authority
Gonzales, Louisiana

We have audited the accompanying general purpose financial statements of the Ascension Parish Sales and Use Tax Authority as of and for the year ended June 30, 2004, which collectively comprise the Ascension Parish Sales and Use Tax Authority's basic financial statements as listed in the table of contents. These general purpose financial statements are the responsibility of the Ascension Parish Sales and Use Tax Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ascension Parish Sales and Use Tax Authority as of June 30, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion to it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ascension Parish Sales and Use Tax Authority's basic financial statements. The introductory section, fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 1, 2004 on our consideration of Ascension Parish Sales and Use Tax Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Portlethwait & Mettewill

October 1, 2004

ASCENSION PARISH SALES AND USE TAX AUTHORITY

Gonzales, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF JUNE 30, 2004

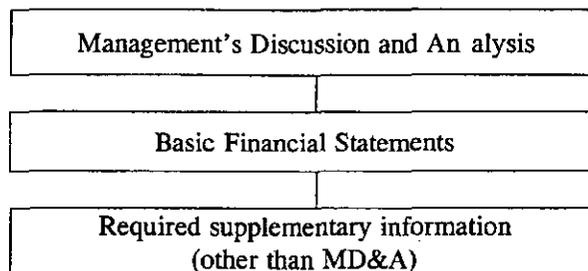
The Management's Discussion and Analysis of the Ascension Parish Sales and Use Tax Authority's financial performance presents a narrative overview and analysis of Ascension Parish Sale and Use Tax Authority's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Ascension Parish Sales and Use Tax Authority's collections decreased at the close of fiscal year 2004 by \$495,641 or 0.8%.
- ★ Sales tax revenues dropped during the year mainly because of the closing and reductions at the petrochemical plants.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



ASCENSION PARISH SALES AND USE TAX AUTHORITY

Gonzales, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF JUNE 30, 2004

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Fund financial statements. A fund is grouping of related accounts that are used to maintain control over the resources that have been segregated for specific activities or objectives. The Ascension Parish Sales and Use Tax Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Ascension Parish Sales and Use Tax Authority can be divided into one category, fiduciary funds.

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of outside parties such as other governments. The Ascension Parish Sales and Use Tax Authority uses its funds to account for sales taxes and occupational licenses which it collects from governments.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets

As of June 30, 2004

(Table 1)

Total Current Assets	\$ <u>4,952,381</u>
Accounts Payable	101,706
Other Liabilities	4,848,764
Compensated Absences	<u>1,911</u>
Total Liabilities	\$ <u>4,952,381</u>
Total Net Assets	\$ <u>-</u>

- Total current assets have decreased approximately 10.3% from prior year.
- Other liabilities have decreased \$ 564,895 on account of the amount due to other taxing bodies decreasing by approximately 10.3%.

ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

Changes in Net Assets (Table 2)		
	2004	2003
Revenues		
Taxes and licenses collected	\$ 63,206,339	\$ 63,626,380
Interest	16,050	22,760
Total revenues	63,222,389	63,649,140
Expenses		
School Board	27,522,376	27,603,921
Parish Council	9,159,336	9,363,099
Drainage District	6,335,785	6,338,190
City of Gonzales	8,288,323	7,997,441
District No. 2	4,214,045	4,325,697
City of Donaldsonville	1,477,014	1,422,668
Hospital District	543,032	562,545
Sorrento	290,509	313,522
Occupational License	988,856	890,339
Tax Free	33,947	29,682
Operating Expenses	791,667	869,921
Sheriff	4,100,236	4,240,717
Total expenses	63,745,125	63,957,743
Decrease in net assets	\$ (522,736)	\$ (308,603)

- Total revenues decreased by approximately \$426,751 to \$63.2 million. The decrease is due to the Chemical Industry reduction in expansion and production and Motor Vehicles sales tax revenue generated.
- Total expenses decreased approximately \$212,618 or 0.4 percent. About 98% of expenses are driven by the sales taxes collected. The other 1.3% consist of operating expenses used by the Sales Tax Authority for services performed by its office. About 52 percent of operating expenses is from salaries paid to employees. Occupational license expense make up 30 percent and the rest is general office expenses needed to run the office.

ASCENSION PARISH SALES AND USE TAX AUTHORITY
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Cash equivalents	<u>\$ 4,952,381</u>
<u>LIABILITIES</u>	
Protested tax payments	\$ 101,706
Due to taxing bodies	4,848,764
Compensated absences payable	<u>1,911</u>
Total Liabilities	<u>\$ 4,952,381</u>



ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Ascension Parish Sales and Use Tax Authority was created October 5, 1989 for the purpose of collecting, administering and distributing the various sales and use taxes levied by entities within Ascension Parish, and the occupational license tax and the hotel/motel tax for the Ascension Parish Council. The Authority is governed by a Board of Directors. The Board is composed of the Chief Administrative Officer (or appointee) for each governing authority of any participating entity having a history of collecting in excess of \$1,000,000 of sales taxes for two consecutive years. As of year end, the Board consisted of a member of the Ascension Sales and Use Tax Authority, Ascension Parish Council, Ascension Parish School Board, the City of Gonzales, and the City of Gonzales.

1. **Summary of Significant Accounting Policies**

A. Reporting Entity

For financial reporting purposes, the Authority includes all funds that are within oversight responsibility of the Authority.

Fiduciary Fund Type:

Agency Fund - The Agency Fund is used to account for assets held by the Ascension Parish Sales and Use Tax Authority in a trustee capacity or as an agent for the taxing authorities at (Note B).

B. Basis of Accounting, Basis of Presentation

Fund Financial Statements: The fund financial statements provide information about the Authorities fund, fiduciary fund. A statement for the fiduciary fund category is presented in the statement. The emphasis of fund financial statements is on major governmental funds, displayed in their own column.

Agency Funds are accounted for on the modified accrual basis of accounting. Collections of sales taxes are recognized when received and expenditures are recognized when the related fund liability is incurred.

C. Cash and Cash Equivalents

State law authorizes the Ascension Parish Sales and Use Tax Authority to deposit tax collections in a bank domiciled in the parish where the funds are collected. Furthermore, the Ascension Parish Sales and Use Tax Authority may invest these deposits in certificates of deposit or other investments permitted by law.

ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

E. Participating Entities

As of June 30, 2004, the Authority collected taxes for the following entities.

1. Ascension Parish Council
2. Ascension Parish School Board
3. Ascension Parish District Number Two
4. City of Gonzales
5. City of Gonzales
6. City of Sorrento
7. East Ascension Drainage District
8. West Ascension Hospital Service District
9. Ascension Parish Sheriff

F. Compensated Absences

Employees accrue 12 days of sick leave per year depending upon the number of months worked. Sick leave may be accumulated without limitation. Upon death or retirement, unused accumulated sick leave of up to 45 days is paid to employees or their heirs at the employees' current rate of pay. The accrual computation for earned sick leave is calculated on a 45-day maximum per employee. Sick leave is payable upon discharge or termination.

All employees earn 10 to 20 days of annual vacation leave per year depending on length of service with the Authority. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates until the individual has 50 days. Annual leave is not paid upon termination of employment.

In Governmental Fund types, sick and vacation leave that has been claimed by employees as of the end of the fiscal year is recorded as an expenditure in the year claimed. Sick leave has been accrued as of the end of the fiscal year and is valued using employees' current rates of pay. The total is included in the General Long-Term Debt Account Group. Accrued sick and vacation leave will be paid from future years' resources. No allowance is made for the immaterial amounts of sick and vacation leave forfeited when employees resign or retire.

ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

2. **Cash**

At year end, the carrying amount of the Authority's deposits was \$4,952,381 and the bank balance was \$4,303,883. Of the bank balance, \$100,000 was covered by federal depository insurance, \$3,303,883 was covered by collateral held by the pledging bank's agent in the Authority's name.

3. **Taxes Paid Under Protest/Litigation**

The Authority has various suits against it involving taxes paid under protest. The amount of taxes paid under protest at June 30, 2004 was \$101,706. The ultimate resolution of these suits cannot be determined.

4. **Changes in Agency Fund Deposits Due Others**

A summary of changes in agency fund deposits due others follows:

	<u>June 30, 2004</u>
Balance, beginning of year	\$ <u>5,371,500</u>
Additions	
Taxes and licenses collected	63,206,339
Interest	<u>16,050</u>
	<u>63,222,389</u>
Reductions	
Taxes paid - School Board	27,522,376
- Parish Council	9,159,336
- Drainage District	6,335,785
- Gonzales	8,288,323
- District No. 2	4,214,045
- Donaldsonville	1,477,014
- Hospital District	543,032
- Sorrento	290,509
- Occupational License	988,856
- Tax Free	33,947
- Operating Expenses	791,667
- Sheriff	<u>4,100,236</u>
	<u>63,745,125</u>
Balance, end of year	\$ <u>4,848,764</u>



ASCENSION PARISH SALES AND USE TAX AUTHORITY

Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

5. Defined Benefit Pension Plans and Postemployment

Substantially all employees of the Authority are members of Teachers Retirement Systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by a board of trustees. Pertinent information relative to each plan follows:

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The Authority is required to contribute at an actuarially determined rate. The current rate is 13.8 percent of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirements Systems' Actuarial Committee. The Authority's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the Authority.

The Authority's contributions to the TRS for the years ended June 30, 2004, 2003, and 2002, were \$44,557, \$40,868, and \$38,499, respectively, which equals to the required contributions for each year.





Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

Board of Directors
Ascension Parish Sales and Use Tax Authority
Gonzales, Louisiana

We have audited the financial statements of the Ascension Parish Sales and Use Tax Authority as of and for the year ended June 30, 2004, and have issued our report thereon dated October 1, 2004, which was unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ascension Parish Sales and Use Tax Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ascension Parish Sales and Use Tax Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Ascension Parish Sales and Use Tax Authority, management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville
October 1, 2004